

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

EX PARTE OR LATE FILED



October 3, 2001

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Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20024

***Re: Ex Parte Comments – To be filed in the proceeding captioned “In the Matter of 2000 Biennial Regulatory Review – Comprehensively Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers,” CC Docket No. 00-199***

Dear Ms. Salas:

In accordance with Section 1.1206(b)(1) of the Federal Communications Commission's (FCC) Rules, President Loretta Lynch of the Public Utilities Commission of the State of California (California) hereby submits for filing two copies of her written presentation to Chairman Powell of the Federal Communications Commission for inclusion in the public record in the above referenced docket. This presentation involves California's comments on the above entitled matter and the upcoming decision of the FCC in this matter. Copies of the written presentation were also sent to Commissioner Abernathy, Commissioner Martin and Commissioner Copps.

Sincerely,

A handwritten signature in black ink that reads 'Gretchen Dumas'.

Gretchen Dumas  
Public Utilities Counsel IV

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PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
505 VAN NESS AVEUNE  
SAN FRANCISCO, CALIFORNIA 94102

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LORETTA LYNCH  
PRESIDENT

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October 2, 2001

Mr. Michael K. Powell  
Chairman  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20024

Re: Accounting Requirements and ARMIS Reporting Requirements  
For Incumbent Local Exchange Carriers, CC Docket No. 00-199

Dear Mr. Powell:

I appreciate the FCC's willingness to work with the states as the FCC considers accounting reforms and ARMIS reporting requirements in its Biennial Regulatory Review docket. As the CPUC said in our previously filed comments in this docket, California supports "the effort to streamline accounting and reporting requirements where appropriate." (See the CPUC's Comments in CC Docket No. 00-199.) There are, however, a few areas where current-reporting requirements should be retained. Further, new accounts should be created where additional detail is needed, as proposed by NARUC and in the comments filed by individual states. These accounts will ensure that the accounting system reflects recent technological changes and allows both federal and state regulators to carry out their mandate under the 1996 Act.

Specifically, the CPUC would like you to consider three points:

- (1) ***Retaining the information expense and revenue accounts for UNE and interconnection is necessary for states to administer prices for these services.***

An appropriate level of detailed accounting and reporting for UNE pricing and interconnection is important for state regulators to help understand the cost basis of UNEs and is useful as an analytical tool to help assess the reasonableness of ILEC UNE cost and pricing studies and interconnection agreements. Additionally, adopting the UNE and interconnection accounts will help regulators better understand and evaluate the allocation of utility costs to non-regulated and competitive services.

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Mr. Michael K. Powell  
Chairman  
October 2, 2001  
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- (2) *The states need detailed accounting of the costs of development and deployment of packet and ATM switch technology in order to follow developments in this area.*

Accounting data provides regulators with information to assess whether an ILEC is engaged in anti-competitive behavior regarding the pricing of advanced services and whether the costs of these activities are properly booked (e.g. above-the-line or below-the-line). Appropriate accounting and operational data related to the revenues and costs of providing advanced services will also help states to monitor market development and market conditions.

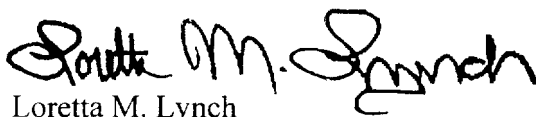
- (3) *States need expense and revenue accounts in order to properly review universal service funding, reciprocal compensation, resale, and collocation activities.*

Detailed expense and revenue accounts are critical to analyzing carriers' funding of Universal Service programs as well as to evaluate the reasonableness of carriers' claims for reimbursement in connection with such programs. This information can also help analyze reciprocal compensation issues and assess other carrier claims. Appropriate accounting data can also be used to evaluate the reasonableness of an ILEC's costing and pricing studies regarding resale services and collocation.

For these reasons, I urge that the accounts noted above, which reflect new technologies under the requirements of the 1996 Act (e.g., universal service support, UNE pricing, number portability) be adopted by this Commission.

If you have further questions, contact Tom Long of my staff at 415-703-4953.

Sincerely,



Loretta M. Lynch

c: Kathleen Q. Abernathy, FCC Commissioner  
Michael J. Copps, FCC Commissioner  
Kevin J. Martin, FCC Commissioner